

**CITY OF ELKADER**

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD**  
**JULY 1, 2013 THROUGH JUNE 30, 2014**

# CITY OF ELKADER

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# CITY OF ELKADER

## OFFICIALS (Before January, 2014)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert Garms	Mayor	Jan. 2016
Roger Buchholz	Mayor Pro tem	Jan. 2014
Daryl Koehn	Council Member	Jan. 2014
Curtis Ruhser	Council Member	Jan. 2014
Rob Frieden	Council Member	Jan. 2016
Peggy Lane	Council Member	Jan. 2016
Jennifer Cowsert	City Administrator/Clerk	Indefinite
Marla Reimer	Assistant Administrator/ Deputy Clerk	Indefinite
Steve McCorkindale	Attorney	Indefinite

## (After December, 2013)

Robert Garms	Mayor	Jan. 2016
Roger Buchholz	Mayor Pro tem	Jan. 2018
Rob Frieden	Council Member	Jan. 2016
Peggy Lane	Council Member	Jan. 2016
Daryl Koehn	Council Member	Jan. 2018
Curtis Ruhser	Council Member	Jan. 2018
Jennifer Cowsert	City Administrator/Clerk	Indefinite
Marla Reimer	Assistant Administrator/ Deputy Clerk	Indefinite
Steve McCorkindale	Attorney	Indefinite

**STEVEN S. CLAUSEN, CPA**

124A Main • P.O. Box 359

Elkader, Iowa 52043

(563) 245-2154 • (800) 310-2154

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Mayor  
and Members of the City Council:

We have performed an agreed-upon procedures engagement of the City of Elkader pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide certain minimum oversight of Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Elkader for the period July 1, 2013 through June 30, 2014. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We reviewed City funds for consistency with the City Finance Committee's (CFC) recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.

6. We reviewed the City's fiscal year 2014 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.
7. We reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. We reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. We reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. We reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. We reviewed and tested selected receipts for accurate accounting and consistency with CFC recommended Chart of Accounts.
13. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the CFC recommended Chart of Accounts and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
15. We reviewed and tested selected payroll and related transactions for propriety, proper authorization, and accurate accounting.
16. We reviewed the annual certified budget for proper authorization, certification, and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an audit of the City of Elkader, the objective of which is the expression of opinions on the City's financial statements. Accordingly, we do not express opinions on the City's financial statements. Had we performed additional procedures, or had we performed an audit of the City of Elkader additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees, citizens and customers of the City of Elkader and other parties to whom the City of Elkader may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Elkader during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

December 9, 2014



Dietz, Donald & Company  
Certified Public Accountants  
FEIN 42-1172392

## DETAILED RECOMMENDATIONS

CITY OF ELKADER  
DETAILED RECOMMENDATIONS  
For the Period July 1, 2013 through June 30, 2014

- A) Bank Reconciliations - The cash and investment balances in the City's general ledger were reconciled to bank and investment account balances throughout the year. However, for the two months reviewed, bank and book balances did not properly reconcile. Variances of \$ 43.00 and \$ 136.81 were not resolved.

Recommendation - The City should establish procedures to ensure bank and investment account balances are reconciled to the general ledger monthly and any variances are reviewed and resolved timely.

- B) Reconciliation of Utility Billings, Collections and Delinquent Accounts - Utility billings, collections and delinquent accounts were not reconciled throughout the year and a delinquent accounts listing was not prepared monthly.

Recommendation - A listing of delinquent accounts should be prepared monthly. Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. The City Council or other independent person(s) designated by the City Council should review the reconciliations and monitor delinquent accounts. The review should be documented by the signature or initials of the reviewer and the date of the review.

- C) Financial Reporting - The total fund balance of a deficit of \$ 106,498 reported on the fiscal year 2014 Annual Financial Reporting (AFR) was \$ 97,684 less than the City's general ledger and bank balance of a deficit of \$ 8,814. The difference was the same for the beginning total fund balance.

Recommendation - The City should implement procedures to ensure fund balances are properly recorded and reported.

- D) Treasurer's Monthly Report - The City Council does not review the Treasurer's Monthly Report.

Recommendation - To improve financial accountability, the Treasurer's Monthly Report should be reviewed by the City Council at each monthly meeting.



CITY OF ELKADER  
DETAILED RECOMMENDATIONS  
For the Period July 1, 2013 through June 30, 2014

- E) Investments - The City has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa.

Recommendation - The City should adopt a written investment policy which complies with the provisions of Chapter 12B.10B of the Code of Iowa.

- F) City Council Minutes - Chapter 372.13(6) of the Code of Iowa requires minutes of all City Council proceedings be published within fifteen days of the meeting and include a summary of all receipts. The minutes for two of the meetings tested did not include a summary of receipts.

Recommendation - The City should comply with the Code of Iowa and publish a summary of receipts in the City Council Minutes, as required.

- G) Certified Budget - Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the public works, culture and recreation, general government and debt service functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed budget.

- H) Annual Urban Renewal Report (URAR) -The ending cash balance of the Special Revenue, Urban Renewal Tax Increment Fund reported on the December 1, 2014 Levy Authority Summary of URAR did not agree with the City's general ledger. The ending cash balance was reported as \$ 49,819, but the actual balance was \$ 30,889. Also, disbursements were understated.

Recommendation - The City should ensure cash balances and disbursements reported on the URAR Levy Authority Summary agree with the City's records.

CITY OF ELKADER  
DETAILED RECOMMENDATIONS  
For the Period July 1, 2013 through June 30, 2014

- I) Financial Condition - At June 30, 2014, the City had deficit balances of \$ 448,158 and \$ 14,554 in the Capital Projects Fund and Special Revenue Road Use Tax Fund, respectively.

Recommendation - The City should investigate alternatives to eliminate these deficits to return the fund to sound financial positions.

- J) Separately Maintained Records - The Cemetery maintains separate accounting records for certain operations. These transactions and resulting balances are not included in the City accounting records.

Recommendation - Chapter 384.20 of the Code of Iowa states, in part, "A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose." For better accountability, financial and budgetary control, the financial activity and balances of all City accounts should be included in the City's accounting records and reported to the City Council on a monthly basis.

- K) Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City and Cemetery do not receive an image of the back of each cancelled check.

Recommendation - The City and Cemetery should obtain and retain images of both the front and back of cancelled checks as required by Chapter 554D.114 of the Code of Iowa.

- L) Form 1099 Compliance - Although the City issued 1099 Forms, a 1099 Form was not issued to one vendor who should have received one.

Recommendation - The City should review vendor lists in January before issuing 1099 Forms.